This amendment will take effect from 1st April, 2026.

Clause 61 of the Bill seeks to amend section 275 of the Income-tax Act, 2025 relating to reference to Dispute Resolution Panel.

The said section, *inter alia*, provides for the procedure and scheme for making a reference to the Dispute Resolution Panel in respect of certain eligible assessee. Further, section 286 of the said Act provides for the time limits for completion of assessment, reassessment and recomputation proceedings and sets the time limit for concluding such proceedings.

The Dispute Resolution Panel mechanism, as provided under section 275 of the said Act provides for a specific procedure as below:—

(i) filing of objections before the Dispute Resolution Panel — within thirty days from the date of receipt of the draft assessment order;

(ii) issuance of directions by the Dispute Resolution Panel — within nine months from the end of the month in which the draft assessment order is forwarded to the eligible assessee; and

(iii) passing of the final assessment order — irrespective of anything contained in section 286 of the said Act, within one month from the end of the month in which the directions of the Dispute Resolution Panel are received, as mandated under section 275(14) of the said Act.

In cases where the assessee accepts the draft assessment order and does not file objections before the Dispute Resolution Panel, the Assessing Officer is required, notwithstanding anything contained in sections 286 of the said Act, as the case may be, to pass the final assessment order within one month from the end of the month in which the period specified for filing objections expires, in terms of section 275(4) of the said Act.

It is proposed to amend sub-sections (4) and (14) of section 275 of the said Act so as to clarify that the period available to the Assessing Officer under the section shall be in addition to the period available to him under section 286 of the said Act.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 62 of the Bill seeks to amend section 279 of the Income-tax Act, 2025 relating to income escaping assessment.

Vide the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, section 144B and 151A have been inserted in the Income-tax Act, 1961. Further, section 144B of the Act prescribes a statutory procedure for faceless assessments with effect from 1st April, 2021.

Section 147 of the Income-tax Act, 1961 empowers the Assessing Officer to assess, reassess, or recompute income if any income chargeable to tax has escaped assessment for a particular assessment year. Further, section 148 of the Act, Assessing Officer is mandated to issue a notice to the assessee so as to furnish a return of income where income chargeable to tax has escaped assessment.

The Finance Act, 2021 had inserted section 148A in the Income-tax Act, 1961 with effect from 1st April 2021 to introduce a mandatory pre-notice inquiry process and opportunity of hearing before issuance of a notice under section 148. The provision requires the Assessing Officer to conduct an inquiry, if required, with prior approval of the specified authority, provide the assessee with a show cause notice along with information suggesting escapement of income, and grant an opportunity of being heard. After considering the assessee's reply, the Assessing Officer is required to pass a reasoned order under sub-section (3) of section 148A, as the case maybe, determining whether it is a fit case for issuance of notice under section 148. The said order under sub-section (3) of section 148A is issued with the prior approval of the specified authority.

It is proposed to amend section 279 of the Income-tax Act, 2025 so as to align it with proposed insertion of section 147A of the Income-tax Act, 1961 to provide that the "Assessing Officer" for the purposes of sections 280 and 281 shall mean to be an Assessing Officer other than the National Faceless Assessment Centre or any assessment unit referred to in section 273(3).

This amendment will take effect from 1st April, 2026.

Clause 63 of the Bill seeks to amend section 286 of the Income-tax Act, 2025 relating to the time limit for completion of assessment, reassessment and recomputation.

Section 286 of the said Act provides for the time limits for completion of assessment, reassessment, and recomputation proceedings and sets the outer time limit for concluding such proceedings.

It is proposed to amend sub-section (2) of the said section so as to clarify that in terms of provisions of section 286(1) [Table: Sl No. 1 to 4] and sub-section (2), the draft of the proposed order of assessment referred to in section 275 shall be made at any time up to the time limit of assessment, reassessment or recomputation referred in the said table and the said sub-section.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 64 of the Bill seeks to amend section 295 of the Income-tax Act, 2025 relating to undisclosed income of any other person.

The said section provides for taxing undisclosed income where the Assessing officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person in whose case search is not initiated or requisition is not made.

It is proposed to amend sub-section (2) of the said section so as to limit the period of block assessment in case of third party where incriminating material has bearing on the undisclosed income of only a single tax year immediately preceding the tax year in which search is initiated or requisition is made.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 65 of the Bill seeks to amend section 296 of the Income-tax Act, 2025 relating to time-limit for completion of block assessment.

Section 296 of the Act, provides for time-limit for completing a block assessment. An assessment or reassessment order under section 294 (procedure for block assessment) must be completed within twelve months from the end of the quarter in which the last search authorization was executed or requisition was made. While, the time-limit for completion of block assessment of any other person shall be twelve months from the end of the quarter in which the notice under section 294 in pursuance of section 295, was issued to such other person.

It is proposed to amend the said section so as to take the date of initiation of search as the reference point to decide the date of limitation for block assessment and consequently, the period of twelve months is proposed to be to eighteen months from the end of the quarter in which search was initiated or requisition was made.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 66 of the Bill seeks to amend section 332 of the Income-tax Act, 2025 relating to application for registration.

It is proposed to amend clause (f) of sub-section (1) of the said section to give reference of “Schedule VII [Table : S. Nos. 17 to 19]”.

This amendment will take effect from 1st April, 2026.

Clause 67 of the Bill seeks to amend section 349 of the Income-tax Act, 2025 relating to return of income under Chapter XVII.

It is proposed to amend the said section so as to provide the reference of section 263(4) therein.

This amendment will take effect from 1st April, 2026.

Clause 68 of the Bill seeks to amend section 351 of the Income-tax Act, 2025 relating to specified violation.

It is proposed to amend clause (b) of sub-section (1) of the said section so as to omit the reference of section 346 and further to make consequential amendment thereto.

This amendment will take effect from 1st April, 2026.

Clause 69 of the Bill seeks to amend section 352 of the Income-tax Act relating to tax on accreted income.

It is proposed to substitute serial number 8 and entries relating thereto of the Table in sub-section (4) of the said section so as to provide that the specified person shall be liable to pay tax on accreted income, where it has merged with, any other __

(a) entity other than a registered non-profit organisation; or

(b) registered non-profit organisation having objects same or similar to it but the said merger does not fulfil such conditions, as may be prescribed; or

(c) registered non-profit organisation that does not have same or similar objects.

This amendment will take effect from 1st April, 2026.

Clause 70 of the Bill seeks to insert a new section 354A in the Income-tax Act, 2025 relating to merger of registered non-profit organisations in certain cases.

It is proposed to insert a new section 354A so as to provide that where any registered non-profit organisation has merged with any other registered non-profit organisation, the provisions of section 352 shall not apply if, —

(a) the other registered nonprofit organisation has same or similar objects; and

(b) the said merger fulfils such conditions as may be provided by rules.

This amendment will take effect from 1st April, 2026.

Clause 71 of the Bill seeks to amend section 379 of the Income-tax Act, 2025 relating to Dispute Resolution Committee.

The said section provides for the constitution of Dispute Resolution Committee to resolve disputes of specified small and medium taxpayers in a cost-effective and expeditious manner. The said Committee is empowered to reduce or waive penalties and grant immunity from prosecution, subject to certain conditions, with the objective of reducing litigation. The

section lays down eligibility, procedure, and binding nature of the Dispute Resolution Committee order, promoting voluntary compliance and speedy dispute resolution.

It is proposed to consequentially amend sub-section (2) of section 379 to give reference of the amendment proposed in section 471 to provide that penalty for under-reporting of income leviable under section 439 imposed in the assessment order may be waived by the Dispute Resolution Committee.

This amendment will take effect from 1st April, 2026.

Clause 72 seeks to amend section 393 of the Income-tax Act, 2025 relating to tax to be deducted at source.

It is proposed to make consequential amendment in sub-section (1) of the said section regarding cross reference.

Sub-section (4) [Table: Sl. No. 7] of the said section provides for condition where tax is not required to be deducted at source in respect of interest on income other than interest on securities referred to in sub-section (1) [Table Sl. No. 5(ii) and 5(iii)] of the said section.

It is further proposed to amend clause (a)(i) of sub-section (4) [Table: Sl. No. 7. C] so as to provide that interest income paid or credited to any co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank) shall be exempt from applicability of deduction of tax at source.

It is also proposed to amend clause (b)(c)(iv) thereof so as to provide for non-applicability of tax to be deducted at source on the payment or credit of interest on the compensation amount awarded by a Motor Accidents Claims Tribunal, in case of deductee being an individual. For persons other than individuals, the earlier threshold of ₹50000 in the said clause shall continue.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

It is also proposed to insert a new sub-section (6A) in the said section so as to allow depository to accept declaration from the assessee as per the provisions of section 393(6) of the said Act and provide it to the person responsible for paying income of the nature referred to in 393(1) [Table: Sl. Nos. 4(i), 5(i) and 7] within a fixed timeline. However, this additional option shall be available only to those investors who have held the securities in the depository as defined in section 2(e) of the Depositories Act, 1996 and where the securities are listed in a registered stock exchange in India.

It is also proposed to make consequential amendments in sub-section (7) of the said section.

These amendments will take effect from 1st April, 2027 and will, accordingly, apply in relation to the tax year 2027-2028 and subsequent years.

Clause 73 of the Bill seeks to amend section 394 of the Income-tax Act, 2025 relating to collection of tax at source.

Sub-section (1) of the said section, *inter alia*, provides that every person shall collect tax at source at the time of debiting of the amount payable or at the time of receipt of such amount from the buyer or licensee or lessee, as the case may be, whichever is earlier, on the receipts specified in that said sub-section.

It is proposed to amend the said sub-section so as to rationalise the rates of tax collected at source for the purpose of sale of—

(i) alcoholic liquor for human consumption;

(ii) tendu leaves;

(iii) scrap; and

(iv) minerals being coal or lignite or iron ore,

tax will be required to be collected at source at the rate of 2%.

It is further proposed to amend the said sub-section so as to require that for remittances made under the Reserve Bank of India's Liberalised Remittance Scheme for the purposes of education or medical treatment, tax will be collected at source at the rate of 2% instead of the existing rate of 5%.

It is also proposed to amend the said sub-section so as to remove the threshold of 10 lakhs on sale of overseas tour program package for applicability of tax collected at source at higher rate of 20% and to require that on sale of overseas tour program package, tax be collected at source at the rate of 2% irrespective of the amount.

These amendments will take effect from 1st April, 2026.

Clause 74 seeks to amend section 395 of the Income-tax Act, 2025 relating to certificates.

Sub-section (1) of the said section provides for issuance of certificate for tax deduction at source at Nil or lower rates.

It is proposed to insert a new sub-section (6) in the said section so as to provide that the application referred to in sub-section (1) of the said section may also be filed before the prescribed income-tax authority, subject to such conditions as may be provided by rules, and such authority on electronic verification of the contents of the application, may either issue a certificate for lower or no deduction or, as the case may be, reject such application for non-fulfillment of the prescribed conditions or on account of the application being incomplete.

This amendment will take effect from 1st April, 2026.

Clause 75 of the Bill seeks to amend section 397 of the Income-tax Act, 2025 relating to compliance and reporting.

Clause (a) of sub-section (1) of the said section requires that every person, deducting or collecting tax shall apply to the Assessing Officer for the allotment of a "tax deduction and collection account number".

Clause (c) of sub-section (1) of the said section provides that the provisions of clause (c) shall not apply in certain cases specified therein.

It is proposed to substitute clause (c) of the said sub-section so as to provide that the provisions of clause (a) shall not apply to—

(i) a person in respect of transaction where he is required to deduct tax under section 393(1) [Table: Sl. Nos. 2(i), 3(i) or 6(ii)]; or

(ii) a person referred to in section 393(4) [Table : Sl. No. 12.C(a)] in respect of transaction where he is required to deduct tax on consideration for transfer of a virtual digital asset under section 393(1) [Table : Sl. No. 8(vi)]; or

(iii) a resident individual or Hindu undivided family in respect of transaction where he is required to deduct tax on any consideration for the transfer of any immovable property under the provisions of section 393(2) [Table : Sl. No. 11]; or

(iv) a person notified in this regard by the Central Government.

This amendment will take effect from 1st October, 2026.

Clause 76 of the Bill seeks to amend section 399 of the Income-tax Act, 2025 relating to processing.

It is proposed to amend the said section so as to provide the reference of section 427 (1) and (2).

This amendment will take effect from 1st April, 2026 and accordingly, will apply in relation to the tax year 2026-2027 and subsequent year.

Clause 77 of the Bill seeks to amend section 400 of the Income-tax Act 2025 relating to power of Central Government to relax provisions of Chapter XIX.

Sub-section (2) of the said section provides that the Board may, with the previous approval of the Central Government, issue guidelines to remove any difficulty arising in giving effect to the provisions of the said Chapter and such guidelines shall be laid before each House of Parliament.

It is proposed to amend the said sub-section so as to provide that the guidelines issued shall be binding on the income-tax authorities and on the person liable to deduct or collect income-tax.

This amendment will take effect from 1st April, 2026.

Clause 78 of the Bill seeks to amend section 402 of the Income-tax Act, 2025 relating to interpretation for the purposes of Chapter XIX-B.

Clause (27) of the said section provides for the definition of the expression "person responsible for paying".

Sub-clause (c) of the said clause provides that in case of payment of any sum to a non-resident where such sum represents consideration for the transfer by him of any foreign exchange asset, which is not a short-term capital asset, the authorised person responsible for remitting such sum to the non-resident Indian or for crediting such sum to his Non-resident (External) Account.

It is proposed to amend the said sub-clause to clarify that the term "authorised person" referred to therein shall have the same meaning as assigned to it in clause (c) of section 2 of the Foreign Exchange Management Act, 1999.

Clause (47) of the said section defines the expression "work".

It is further proposed to amend the said clause so as to include supply of manpower under the ambit of "work" for the applicability of tax deducted at source as per of section 393(1) [Table: Sl. Nos. 6(i) or 6(ii)].

This amendment will take effect from 1st April, 2026.

Clause 79 of the Bill seeks to amend section 411 of the Income-tax Act, 2025 relating to when tax payable and when assesse deemed in default.

The said section provides that the payment and recovery of tax demand, stating that any amount specified in a notice of demand under section 289 must be paid within thirty days of service of the notice. If the assessee fails to pay within this period, they are deemed to be in default and become liable to interest under sub-section (3) of section 289, along with possible recovery proceedings such as attachment of property. The Assessing Officer may, however, allow payment by instalments or extend the time for payment, subject to conditions, to provide relief in genuine cases.

It is proposed to consequentially amend the sub-section (3) of the said section so as to provide for charging of interest under the said sub-section in respect of any demand raised on account of penalty levied under section 439 only after passing of the order by the Commissioner of Income tax Appellate Tribunal (for appeal against order passed in pursuance of directions issued by the Dispute Resolution Panel), as the case may be.

This amendment will take effect from 1st April, 2026.

Clause 80 of the Bill seeks to amend section 423 of the Income-tax Act 2025 relating to interest for defaults in furnishing return of income.

It is proposed to make consequential amendments in order to bring changes proposed in the minimum alternate tax regime by giving reference of section 206(3) and (4) instead of section 206(1)(m) to (p).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 81 of the Bill seeks to amend section 424 of the Income-tax Act 2025 relating to interest for defaults in payment of advance tax.

It is proposed to make consequential amendments in order to bring changes proposed in the minimum alternate tax regime by giving reference of section 206(3) and (4) instead of section 206(1)(m) to (p).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 82 of the Bill seeks to amend section 425 of the Income-tax Act 2025 relating to interest for deferment of advance tax.

It is proposed to make consequential amendments in order to bring changes proposed in the minimum alternate tax regime by giving reference of section 206(3) and (4) instead of section 206(1)(m) to (p).

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 83 of the Bill seeks to substitute sections 427 and 428 of the Income-tax Act relating to fee for default in furnishing statements and fee for default in furnishing return of income.

The proposed section 427 provides for fee for default in furnishing statements.

Sub-section (1) of the proposed section 427 provides that without prejudice to the provisions of this Act, where any person fails to deliver or cause to be delivered a statement as per section 397(3)(b) within the time as may be provided by rules therein, he shall be liable to pay by way of fee, a sum of ₹200 for every day for which such failure continues.

Sub-section (2) of the proposed section 427 provides that the amount of fee referred to in sub-section (1) shall not exceed the amount of tax deductible or collectible and be paid before delivering or causing to be delivered the statement, as per sub-section (1).

Sub-section (3) of the proposed section 427 provides that without prejudice to the provisions of this Act, if any person who is required to furnish a statement of financial transaction or reportable account under section 508(1), fails to furnish such statement within the time as may be provide by rules under section 508(2), he shall be liable to pay by way of fee, a sum of ₹ 200 for every day for which such failure continues and such fee shall not exceed a sum of ₹ 100000.

The proposed section 428 provides for fee for default in furnishing return of income, audited accounts and reports.

Clause (a) of the proposed section 428 provides that where any person required to furnish a return of income under section 263, fails to do so within the due date as specified in sub-section (1) of said section, he shall be liable to pay by way of fee, a sum of ₹ 1000, if the total income of such person does not exceed ₹ 500000 and a sum of ₹ 5000, in any other case.

Clause (b) of the proposed section 428 provides that where any person furnishes a return of income under section 263(5) beyond nine months from the end of relevant tax year, he shall liable to pay by way of fee, a sum of ₹ 1000, if the total income of such person does not exceed ₹ 500000 and a sum of ₹ 5000, in any other case.

Clause (c) of the proposed section 428 provides that where any person fails to get his accounts audited for any tax year or years and furnish the report of such audit as required under section 63, he shall be liable to pay by way of fee, a sum of ₹ 75000 for a delay upto one month for which such failure continue and a sum of ₹ 150000 thereafter.

Clause (d) of the proposed section 428 provides that where any person fails to furnish a report from an accountant as required by section 172, he shall be liable to pay by way of fee, a sum of ₹ 50000 for a delay up to one month for which such failure continues and a sum of ₹ 100000 thereafter.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 84 of the Bill seeks to amend section 439 of the Income-tax Act, 2025 relating to penalty for under-reporting and misreporting of income.

Sub-section (11) of the said section provides the categories of cases of misreporting of income referred to in sub-section (10).

It is proposed to amend the said sub-section (11) so as to include the income referred to in section 195(1)(b) within the ambit of income referred to in sub-section (10).

It is further proposed to insert a new sub-section (13A) so as to provide that where additional income-tax is paid in accordance with section 267(5)(ii), the income on which such additional income-tax is paid shall not form the basis of imposition of penalty.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 85 of the Bill seeks to amend section 440 of the Income-tax Act, 2025 relating to immunity from imposition of penalty, etc.

The said section, *inter alia*, provides the procedure for granting immunity by the Assessing Officer from imposition of penalty or initiation of prosecution, if assessee fulfils certain conditions specified therein.

Under the said section immunity is granted only in the cases of under-reporting of income and not in the case of misreporting of income.

It is proposed to amend the said section by substituting sub-sections (1) to (4) thereof so as to extend such immunity—

(i) for misreporting of income [under section 439 (11) (a) to (f)], on payment of the tax and interest payable as per the order of assessment or reassessment under section 270(10) or section 279, along with additional income-tax amounting to 100% of the amount of tax payable on under-reported income, in lieu of penalty and no appeal has been filed;

(ii) for income referred to in sections 102 to 106 [under section 439 (11) (g)], on payment of the tax and interest payable as per the order of assessment or reassessment under section 270(10) or section 279, along with additional income-tax amounting to 120% of the amount of tax payable on under-reported income, in lieu of penalty and no appeal has been filed.

These amendments will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 86 of the Bill seeks to omit section 443 of the Income-tax Act, 2025 relating to penalty in respect of certain income.

It is proposed to omit the said as a consequential amendment made in section 439 of the said Act.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 87 of the Bill seeks to substitute section 446 of the Income-tax Act, 2025 relating to failure to get accounts audited.

The proposed new section provides for penalty for failure to furnish information or for furnishing inaccurate information on transaction of crypto-asset.

Sub-section (1) of the proposed section seeks to provide that if any person who is required to furnish a statement in respect of transaction of crypto-asset under section 509(1), fails to furnish such statement within the time as provided by rules under the said section, the income-tax authority as may be provided by rules under that section may impose on him, a penalty of ₹ 200 for every day during which such failure continues.

Sub-section (2) of the proposed new section seeks to provide that the said income-tax authority may impose a penalty of ₹ 50000 on a person required to furnish a statement under sub-section (1) of the section 509, if such person provides inaccurate information in the statement and fails to remove such inaccuracy as per section 509(4) or fails to comply with due diligence the requirement under section 509(5).

This amendment will take effect from 1st April, 2026.

Clause 88 of the Bill seeks to omit section 447 of the Income-tax Act relating to penalty for failure to furnish report under section 172.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-2027 and subsequent years.

Clause 89 of the Bill seeks to substitute section for 454 of the Income-tax Act, 2025 relating to penalty for failure to furnish statement or reportable account.

The proposed section provides Penalty for failure to furnish statement of financial transaction or reportable account after notice.

The said section provides that where any person, who is required to furnish a statement of financial transaction or reportable account under section 508(1), fails to furnish such statement or reportable account within the period specified in the notice issued under section 508(7), the income-tax authority prescribed under section 508(1) may impose on him, a penalty of ₹ 1000 for every day for which such failure continues, beginning from the day immediately after the time specified in such notice for furnishing such statement or reportable account expires and such penalty shall not exceed ₹ 100000.

This amendment will take effect from 1st April, 2026 and accordingly, will apply in relation to the tax year 2026-2027 and subsequent year.

Clause 90 of the Bill seeks to amend section 466 of the Income-tax Act, 2025 relating to penalty for failure to comply with the provisions of section 254.

Section 254 of the said Act provides the power to the income-tax authorities to collect information from the premises where business or profession is carried out, by directing the proprietor or employee or any other person, who may, at that time and place, be attending in any manner to, or helping in, or carrying on of such business or profession, to furnish certain information as authorised.

Further, the provisions of section 466 of the said Act provide for penalty on such persons who fail to comply with the provisions of section 254, that is power to collect information, and does not furnish the requisite information to the authorised income-tax authorities. The said section further empowers to the Joint Commissioner, Deputy Director or Assistant Director or the Assessing officer to impose maximum penalty amounting to ₹1000.

It is proposed to amend the said section so as to enhance the maximum amount of penalty from existing ₹ 1000 to ₹ 25000.

This amendment will take effect from 1st April, 2026.

Clause 91 of the Bill seeks to amend section 470 of the Income-tax Act, 2025 relating to penalty not to be imposed in certain cases.

It is proposed to omit the reference of section 447.

This amendment will take effect from 1st April, 2026 and accordingly, will apply in relation to the tax year 2026-2027 and subsequent year.

Clause 92 of the Bill seeks to amend section 471 of the Income-tax Act, 2025 relating to procedure for imposition of penalty.

The said section provides the procedure for imposing penalties and mandates that no penalty shall be levied unless the assessee is given a reasonable opportunity of being heard. It requires the Assessing Officer to issue a show-cause notice for which the penalty is proposed, and in certain cases, prior approval of higher authorities is necessary before imposing the penalty. The section ensures adherence to the principles of natural justice and aims to prevent arbitrary or invalid penalty proceedings.

It is proposed to amend the said section so as to provide that penalty for under-reporting of income leviable under section 439 shall be imposed in the assessment order made on or after 1st April, 2027.

This amendment will take effect from 1st April, 2026.

Clause 93 of the Bill seeks to amend section 473 of the Income-tax Act, 2025 relating to contravention of order made under section 247.

The said section, *inter alia*, provides that whoever contravenes any order referred to in section 247(4) shall be punishable with rigorous imprisonment which may extend to two years and shall also be liable to fine.

It is proposed to amend said section so as to substitute "rigorous imprisonment for a term which may extend to two years and shall also be liable to fine" with "simple imprisonment up to two years and fine".

This amendment will take effect from 1st April, 2026.

Clause 94 of the Bill seeks to amend section 474 of the Income-tax Act, 2025 relating to failure to pay tax collected at source.

The said section, *inter alia*, provides that if a person, who is required to afford the authorised officer with the necessary facility to inspect the books of account or other documents, under section 247(1)(ii), fails to do so, he shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine.

It is proposed to amend said section so as to substitute the "rigorous imprisonment for a term which may extend to two years and shall also be liable to fine" with "simple imprisonment up to six months or with fine or with both".

This amendment will take effect from 1st April, 2026.

Clause 95 of the Bill seeks to amend section 475 of the Income-tax Act, 2025 relating to removal, concealment, transfer or delivery of property to prevent tax recovery.

The said section, *inter alia*, provides that whoever, fraudulently removes, conceals, transfers or delivers to any person, any property or any interest therein, with the intent to prevent such property or interest therein from being taken in execution of a certificate drawn under section 413, shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine.

It is proposed to amend said section so as to substitute "rigorous imprisonment for a term which may extend to two years and shall also be liable to fine" with "simple imprisonment up to two years and fine".

This amendment will take effect from 1st April, 2026.

Clause 96 of the Bill seeks to amend section 476 of the Income-tax Act, 2025 relating to failure to pay tax to credit of Central Government under Chapter XIX-B.

The said section, *inter alia*, provides that if a person fails to pay the tax deducted at source into the account of Central Government or fails to pay tax or ensure payment of tax to the credit of Central Government in certain cases under the provision of section 393 of the Act.

It is proposed to amend sub-section (1) of said section so as to provide that if a person fails to pay tax deducted at source or ensure payment of tax in case of winnings from online games under section 476(1)(b)(i) and consideration from virtual digital asset under section

476(1)(b)(ii) excluding such winnings and such consideration which are wholly in kind and shall be punishable —

(i) with simple imprisonment for a term up to two years, or with fine, or with both, in a case where amount of such tax exceeds fifty lakh rupees;

(ii) with simple imprisonment for a term up to six months, or with fine, or with both, in a case where amount of such tax exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(iii) with fine, in any other case.

This amendment will take effect from 1st April, 2026.

Clause 97 of the Bill seeks to amend section 477 of the Income-tax Act, 2025 relating to failure to pay tax collected at source.

The said section ,*inter alia*, that if a person fails to pay the tax collected by him to the credit of the Central Government, as required under section 397(3)(a), he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years, and with fine.

It is proposed to amend sub-section (1) of the said section so as to provide that if a person fails to pay the tax collected by him to the credit of the central government as required under section 397(3)(a), he shall be punishable—

(a) with simple imprisonment for a term up to two years, or with fine, or with both, in a case where amount of such tax exceeds fifty lakh rupees;

(b) with simple imprisonment for a term up to six months or with fine, or with both, in a case where amount of such tax exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

This amendment will take effect from 1st April, 2026.

Clause 98 of the Bill seeks to substitute section 478 of the Income-tax Act, 2025 relating to wilful attempt to evade tax, etc.

Sub-section (1) of the said section,*inter alia*, provides that if a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable, or under-reports his income, under this Act in a case, where the amount sought to be evaded or tax on under-reported income exceeds twenty-five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and

with fine and in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years, and with fine.

Sub-section (2) of the said section, *inter alia*, provides that if a person wilfully attempts in any manner to evade the payment of any tax, penalty or interest under this Act, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and shall, in the discretion of the court, also be liable to fine.

It is proposed to amend the said sub-section (1) of the said section so as to provide that if a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable, or under-reports his income, under this Act, he shall be punishable––

(a) with simple imprisonment for a term up to two years, or with fine, or with both, in a case where the amount sought to be evaded or tax on under-reported income exceeds fifty lakh rupees;

(b) with simple imprisonment for a term up to six months, or with fine, or with both, in a case where the amount sought to be evaded or tax on under-reported income exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

It is proposed to substitute sub-section (2) of the said section so as to provide that if a person wilfully attempts in any manner to evade payment of tax of penalty under this Act shall be punishable—

(a) with simple imprisonment for a term up to two years, or with fine, or with both, in a case where the amount sought to be evaded exceeds fifty lakh rupees;

(b) with simple imprisonment for a term up to six months, or with fine, or with both, in a case where the amount sought to be evaded exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

This amendment will take effect from 1st April, 2026.

Clause 99 of the Bill seeks to amend section 479 of the Income-tax Act, 2025 relating to failure to furnish returns of income.

The said section,*inter alia*, provides that if a person wilfully fails to furnish in due time the return of income, which is required to be furnished under section 263(1), or by notice given under sections 268(1) or 280, he shall be punishable,— (a) in a case, where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds twenty-five lakh rupees, with rigorous imprisonment for a term which shall not be less than six

months but which may extend to seven years, and with fine; (b) in any other case, with imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

It is proposed to amend the said section so as to provide that—

(a) with simple imprisonment for a term up to two years, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds fifty lakh rupees;

(b) with simple imprisonment for a term up to six months, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

This amendment will take effect from 1st April, 2026.

Clause 100 of the Bill seeks to substitute sections 480 and 481 of the Income-tax Act, 2025 relating to failure to furnish return of income in search cases and failure to produce accounts and documents, respectively, with new sections.

It is proposed to substitute the said section 480 so as to decriminalize the offenses thereunder to provide that if a person wilfully fails to furnish in due time the return of income, setting forth his undisclosed income for the block period, which is required to be furnished by notice given under section 294(1) (a), he shall be punishable—

(a) with simple imprisonment for a term up to two years, or with fine, or with both, in a case where the amount of tax exceeds fifty lakh rupees;

(b) with simple imprisonment up to six months, or with fine, or with both, in a case where the amount of tax, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

It is proposed to substitute the section 481 of the said so as to provide that –

(a) in the case where a person wilfully fails to produce, or cause to be produced, the accounts and documents as are referred to in the notice served on him under section 268(1) on or before the date specified in such notice, this provision under section 481 is proposed to be fully decriminalised.

(b) in the case where a person wilfully fails to comply with a direction issued to him under section 268(5), the punishment is proposed to be changed from its current “rigorous imprisonment for a term which may extend to one year and with fine” to simple imprisonment for a term up to six months, or with fine, or with both.

These amendments will take effect from 1st April, 2026.

Clause 101 of the Bill seeks to amend section 482 of the Income-tax Act, 2025 relating to false statement in verification, etc.

The said section, *inter alia*, provides that if a person makes a statement in any verification under this Act or under any rule made thereunder, or delivers an account or statement which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable,— (a) in a case, where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds twenty-five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine; (b) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years, and with fine.

It is proposed to amend said section so as to change the punishment thereunder as below:

(a) with simple imprisonment for a term up to two years, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds fifty lakh rupees;

(b) with simple imprisonment for a term up to six months, or with fine, or with both, in a case where the amount of tax, which would have been evaded if the statement or account had been accepted as true, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(c) with fine, in any other case.

This amendment will take effect from 1st April, 2026.

Clause 102 of the Bill seeks to amend section 483 of the Income-tax Act, 2025 relating to falsification of books of account or document, etc.

Sub-section (1) of the said section,*inter alia*, provides that if any person (herein referred to as the first person) wilfully and with intent to enable any other person (herein referred to as the second person) to evade any tax or interest or penalty chargeable and imposable under this Act, makes or causes to be made any entry or statement which is false and which the first person either knows to be false or does not believe to be true, in any books of account or other document relevant to or useful in any proceedings against the first person or the second person, under this Act, the first person shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

It is proposed to amend the said sub-section to substitute “rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine” with “simple imprisonment for a term up to two years and shall also be liable to fine”.

This amendment will take effect from 1st April, 2026.

Clause 103 of the Bill seeks to amend section 484 of the Income-tax Act, 2025 relating to abetment of false return, etc.

The said section,*inter alia*, provides that if a person abets or induces in any manner another person— (a) to make and deliver an account or a statement or declaration relating to any income chargeable to tax which is false and which he either knows to be false or does not believe to be true; or (b) to commit an offence under section 478(1), he shall be punishable,— (i) in a case, where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds twenty-five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine; (ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years, and with fine.

It is proposed to amend the said section to change the punishment thereunder in the manner given below:

(i) with simple imprisonment for a term up to two years, or with fine, or with both, in a case where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds fifty lakh rupees;

(ii) with simple imprisonment for a term up to six months, or with fine, or with both, in a case where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded, exceeds ten lakh rupees but does not exceed fifty lakh rupees;

(iii) with fine, in any other case.

This amendment will take effect from 1st April, 2026.

Clause 104 of the Bill seeks to amend section 485 of the Income-tax Act, 2025 relating to punishment for second and subsequent offences.

The said section, *inter alia*, provides that if any person convicted of an offence under sections 476, 477, 478(1), 479, 480, 482 or 484 is again convicted of an offence under any of the said sections, he shall be punishable for the second and for every subsequent offence with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine.

It is proposed to amend said section to substitute "rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years, and with fine" with "simple imprisonment for a term which shall not be less than six months but which may extend to three years and shall also be liable to fine".

This amendment will take effect from 1st April, 2026.

Clause 105 of the Bill seeks to amend section 494 of the Income-tax Act, 2025 relating to disclosure of particulars by public servants.

Sub-section (1) of the said section provides that a public servant, who furnishes any information or produces any document in contravention of the provisions of section 258(3), shall be punishable with imprisonment which may extend to six months, and shall also be liable to fine.

It is proposed to amend the said section to substitute "imprisonment which may extend to six months, and shall also be liable to fine" with "simple imprisonment up to one month, or with fine, or with both".

This amendment will take effect from 1st April, 2026.

Clause 106 of the Bill seeks to amend section 522 of the Income-tax Act, 2025 relating to return of income, etc., not to be invalid on certain grounds.

The said section, *inter alia*, provides that no return of income, assessment, notice, summons or other proceeding in pursuance of any of the provisions of the said Act shall be invalid or shall be deemed to be invalid merely by reason of any mistake, defect or omission in such return of income, assessment, notice, summons or other proceeding, if such return of income, assessment, notice, summons or other proceeding is in substance and effect in conformity with or according to the intent and purpose of the said Act.

It is proposed to insert sub-section (2) in the said section so as to provide that no assessment in pursuance of any of the provisions of the Income-tax Act, 2025 shall be invalid on the ground of any mistake, defect or omission in respect of quoting of a computer-generated Document Identification Number, if the assessment order is referenced by such number in any manner.

This amendment will take effect with effect from 1st April, 2026.

Clause 107 of the Bill seeks to amend section 536 of the Income-tax Act, 2025 relating to repeal and savings.

The said section provides for the circumstances where deduction has been allowed under the repealed Income-tax Act, 1961, but on violation of the conditions mentioned in the respective sections of the said Act, it will become income after the enactment of the Income-tax Act, 2025.